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NATO's Prague Capabilities Commitment

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Summary

With the end of the Cold War, NATO began to reassess its collective defense strategy and to anticipate possible new missions. The conflicts in the Balkans highlighted the need for more mobile forces, for technological equality between the United States and its allies, and for interoperability. In 1999, NATO launched the Defense Capabilities Initiative (DCI), an effort to enable the alliance to deploy troops quickly to crisis regions, to supply and protect those forces, and to equip them to engage an adversary effectively. To meet the DCI's goals, however, most allied countries needed to increase their individual defense budgets, a step many were reluctant to take. The war in Afghanistan marked a new development in modern warfare through the extensive use of precision-guided munitions, directed by ground-based special forces; many believe that this step widened the capabilities breach between the United States and its European allies. At its November 2002 summit in Prague, NATO approved a new initiative, the Prague Capabilities Commitment (PCC), touted as a slimmed-down, more focused DCI, with quantifiable goals. Analysts have cautioned that the success of PCC, will hinge upon increased spending and changed procurement priorities — particularly by the European allies. During the second session of the 109th Congress, lawmakers are likely to review the alliance's progress in achieving PCC's goals. This report will be updated periodically. See also CRS Report RS21354, *The NATO Summit at Prague, 2002*, by Paul Gallis.

Background

Since the collapse of the Berlin Wall, the European threat environment has changed dramatically. NATO no longer needs a static, layered defense of ground forces to repel a large-scale Soviet invasion. Instead, the alliance must address new and different threats for which NATO would face far less warning time, yet more complex circumstances, than a conventional assault; these might include terrorism, weapons of mass destruction, proliferation, and ethnic strife. As the conflicts in the Balkans and Afghanistan demonstrated, the alliance must be able to prepare for security contingencies requiring the rapid deployment of more agile forces.

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During NATO's air war against Yugoslavia in the spring of 1999, U.S. aircraft flew a disproportionately large share of the combat sorties. The Kosovo action exposed a great disparity in defense capabilities between the United States and its allies. That gap, along with the transformation of the overall threat environment, prompted the development of two parallel and, it was hoped, complementary transatlantic security initiatives aimed at, among other things, bridging the technology gap between U.S. and European forces.

The Balkans conflicts of the 1990s motivated the European Union (EU) to speed the construction of a European defense arm, called the European Security and Defense Policy (ESDP), which would also be tied to NATO. One aspect of ESDP is the EU effort to create a rapid reaction force to undertake several military tasks — including humanitarian and rescue missions, peacekeeping, and crisis management — in which other countries, including the United States, might choose not to participate. To achieve this, the EU states set forth "headline goals" for creating a 60,000-strong crisis management force that would be deployable within two months and sustainable for one year. In December 2005, Javier Solana, the EU High Representative for foreign policy, urged member states to improve their military capabilities in order to be able to undertake crisis management and other tasks; Solana's wish list included several areas contained in the PCC.[1]

The other significant change occurred at the Washington, D.C. summit in April 1999, when the alliance launched the Defense Capabilities Initiative (DCI). The Initiative was intended not only to improve NATO's ability to fulfill NATO's traditional Article 5 (collective defense) commitments, but also to prepare the alliance to meet emerging security challenges that may require a variety of types of missions, both within and beyond NATO territory. To accomplish these tasks, the alliance must ensure that its troops have the appropriate equipment, supplies, transport, communications, and training. Accordingly, DCI aimed to improve NATO core capabilities by listing 59 "action items" in five categories: mobility and deployability; sustainability and logistics; effective engagement; survivability; and consultation, command and control.[2]

Before long, analysts realized that DCI was not meeting its goals because the changes that had been agreed to required most countries to increase their defense spending. Most, however, did not. During a NATO seminar in May that year, U.S. Ambassador to NATO Alexander Vershbow concluded that "rhetoric has far outpaced action when it comes to enhancing capabilities," and gave the alliance a "failing grade."[3]

The aftermath of September 11 further highlighted allied military limitations vis-a-vis the United States. NATO invoked Article 5 for the first time, but during the subsequent war in Afghanistan, the United States initially relied mainly on its own military, accepting only small contingents of special forces from a handful of other countries; allied combat and peacekeeping forces entered the fray in larger numbers only after the Taliban had been defeated. Analysts believe that the allies were not invited to

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[1] *Atlantic News*. No. 3737. January 5, 2006. p. 2.

[2] For additional discussion, see "NATO's Defence Capabilities Initiative: Preparing for Future Challenges." By Frank Boland, Head, Force Planning Section of NATO's Defence Planning and Operations Division. *NATO Review*. Vol. 47, No. 2. Summer 1999. p. 26.

[3] U.S. Department of State. Washington File. "Vershbow Remarks on Euro-Atlantic Security and Defense." May 15, 2001.

contribute because they lacked many of the military capabilities — airborne refueling, air transport, precision-guided munitions (PGMs), and night vision equipment — necessary to conduct a high-tech campaign designed to achieve a swift victory with minimum civilian and U.S. casualties.[4] Lack of interoperability was also an issue.

The 2002 Prague Summit — Enter PCC

NATO's November 2002 meeting in Prague, called the "transformation summit," saw three major initiatives. First, NATO heads of state approved the creation of the NATO Response Force (NRF) a standing expeditionary force of 20,000 troops that could be deployed quickly and sustained for 30 days. Second, NATO invited seven countries (Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia) to begin accession negotiations. Third, NATO approved the Prague Capabilities Commitment.

PCC and DCI: Similarities and Differences. Like DCI, PCC seeks to improve members' operational capabilities to address evolving defense needs. Analysts describe PCC as an attempt to resuscitate DCI, which foundered because it was too broad and diffuse. PCC is also intended to improve upon DCI in light of the security threat that emerged on September 11; the PCC capabilities list was drawn up after the attacks, and includes tools to combat terrorism, particularly air lift, secure communications, PGMs, and protection against weapons of mass destruction. In his speech before the Prague summit, President Bush made an explicit linkage between PCC and the war on terrorism when he declared that "'NATO must develop new military capabilities,' and its forces must be 'better able to fight side-by-side.'"[5] And like DCI, PCC will be monitored on a regular basis. For the periodic evaluations, NATO's international staff will ask each country to provide information on how its commitments are being implemented, along with explanations of any divergence from the items it has pledged to fulfill.

However, NATO officials point out that PCC differs from DCI in several important ways: PCC is focused on a smaller number of goals, emphasizes multinational cooperation and specialization, requires specific — not general — commitments from member states, and was designed with a particular force in mind.[6]

PCC calls for alliance members to make commitments to bolster their capabilities in eight *specific* areas:

- chemical, biological, radiological, and nuclear defense;
- intelligence, surveillance, and target acquisition;
- air-to-ground surveillance;

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[4] In 2002, the *Wall Street Journal* reported that the United States had 250 long-range transport aircraft and 550 air-to-air refueling tankers; while the Europeans had 11 and 100, respectively. "What We Want At Prague." Nicholas Burns. December 7, 2002.

[5] On Iraq Action, U.S. Is Keeping NATO Sidelined. By Bradley Graham and Robert G. Kaiser. *Washington Post*. September 24, 2002. p. A14. "Ahead of NATO's Summit, Bush Speaks of 'New Capabilities.'" *RFE/RL*. November 21, 2002.

[6] Prague Capabilities Commitment Explained. Interview with Dr. Edgar Buckley, NATO Assistant Secretary General for Defence and Planning Operations. December 6, 2002. NATO website: [http://www.nato.int/docu/speech/2002/s021206a.htm] Accessed January 12, 2006.

- command, control, and communications;
- combat effectiveness;
- strategic air and sea lift;
- air-to-air refueling; and
- deployable combat support and combat service support units.

PCC places greater emphasis on multinational commitments and pooling of funds than did DCI; this enables smaller countries to combine resources to purchase hardware that would be unaffordable for each alone. The Netherlands, for example, is leading a group of countries that will buy conversion kits to transform conventional bombs into PGMs. Germany is managing a consortium that will acquire strategic air transport capabilities, while Spain is heading another group that will lease tanker aircraft. Norway and Denmark are coordinating procurement of sealift assets. The Czech Republic will concentrate on countering chemical, biological, radiological and nuclear (CBRN) weapons.[7]

In addition, PCC recognizes the value of role specialization, or niche capabilities. This concept is especially important to the new member states; the Czech Republic's ambassador to NATO argued that "[n]iche contributions are what's going to make or break this organization. ... [they provide] what you might call self-respect to the smaller nations."[8] Romania, for example, can offer alpine troops, Hungary has a skilled engineering corps on call, and the Czech and Slovak Republics have units trained in countering chemical and biological weapons.

PCC is also much more specific in its requirements of commitments than was DCI. Defense officials argue that DCI was loaded down with too many vague requirements and that many countries contented themselves by picking the low-hanging fruit, acquiring the less costly materiel — an approach that frustrated U.S. officials. In May 2003, U.S. Defense Undersecretary for Policy Douglas Feith declared that DCI "never was as successful as it should have been ... . Now, it's time to set deadlines." PCC is drafted to extract specific, quantifiable commitments from member states. At Prague, the alliance approved a package of proposals from individual countries obliging them to acquire specific equipment.[9]

Finally, the Prague Capabilities Commitment was introduced in tandem with the NATO Response Force, leading some defense officials to argue that the success of NRF is linked to the fulfillment of PCC. Representative Doug Bereuter, then President of the NATO Parliamentary Assembly, stated that "if nations refuse to equip their forces to conduct alliance missions, the Response Force will fail as well." And U.S. Assistant Defense Secretary J.D. Crouch contended that "[m]any of our allies have consistently

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[7] *NATO: Building New Capabilities For New Challenges*. Fact Sheet. White House Office of the Press Secretary. November 21, 2002. "NATO To Adopt Capabilities Plan." By Nicholas Firoenza. *Defense News*. November 18, 2002.

[8] "NATO Looking Ahead To A Mission Makeover." By Robert G. Kaiser and Keith B. Richburg. *Washington Post*. November 5, 2002.

[9] "NATO Foreign Ministers To Hammer Out Accord With Russia." *AFP*. May 10, 2003. "Czechs Offer Three units to New NATO Strike Force. *BBC Monitoring*." November 21, 2002.

failed to meet agreed upon NATO defense obligations. Failure by Allies to fulfill the Prague Capabilities Commitment would jeopardize the future success of the NRF."[10]

Defense Spending and a Preliminary Assessment. To meet the goals of PCC, the European allies need to restructure and modernize their militaries and address deficiencies in equipment procurement and in R&D programs. However, this would imply increased defense spending, requiring a reversal of the trend of the past decade: between 1992 and 1999, defense expenditures by European NATO countries fell 22%. Although the United States also cut back on defense during that period, it still spends a much higher share of GDP on defense than the non-U.S. NATO countries, and has increased its defense spending significantly in recent years. On the other hand, Germany, with the second-largest military in the alliance, has drastically reduced its military budget.[11]

At the Prague summit, NATO Secretary General Robertson announced that several countries, including France, Portugal, Norway, the Czech Republic, Hungary and Poland had all committed to higher defense spending. The U.K., Italy, Turkey and Canada also stated that they would increase their military budgets. In April 2005, however, Secretary General de Hoop Scheffer urged members states to boost their defense spending, noting that, with some exceptions, budgets had been trending downward. And the European allies are being urged not only to spend more but to spend more wisely. Several countries maintain armed forces that have a large number of conscripts or civilian employees, and must therefore budget more on manpower — at the expense of equipment and R&D. In one view, "the U.S. spends 36% of its defense budget on pay and benefits, [while] most NATO members in Europe earmark an average of nearly 65%."[12]

Progress on PCC so far apparently has been modest. A fall 2005 NATO Parliamentary Assembly report notes it is difficult to assess the progress of PCC because of incomplete information, mainly stemming from a lack of transparency on force goals of member states. Nevertheless, the report makes tentative judgements in several areas. It states that the outlook for sealift is good. In airlift, which has long been an alliance weakness, there has been "some progress"; several countries are committed to buying Airbus A400 planes, but those aircraft will not be ready until 2010. In the meantime, European members are chartering Antonov transporters from Ukraine. Air-to-air refueling is described as a "serious lack" among European capabilities, although Germany and Canada have already been procuring multi-task planes with refueling capabilities. The report notes that there have been "promising results" in CBRN protection; a Czech

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[10] "NATO Governments Must Fulfill Force Pledges." By Doug Bereuter. *Defense News*. June 16, 2003. House International Relations Subcommittee on Europe. Hearing. *The U.S. and Europe: The Bush Administration and Transatlantic Relations*. Statement of Dr. J.D. Crouch. March 13, 2002.

[11] NATO Parliamentary Assembly. *Defence Budget Trends Within the Alliance*. By Paul Helminger, Rapporteur. International Secretariat. AT 254 EC (00) 10. September 25, 2000. "Germany's Military Sinking to 'Basket Case' Status." By Craig Smight. *New York Times*. March 18, 2003.

[12] "NATO/Transformation: Jaap de Hoop Scheffer Urges For Strengthened NATO Military Capabilities." *Atlantic News*. No. 3669. April 19, 2005. "How Europe's Armies Let Their Guard Down." *Wall Street Journal*. February 13, 2003.

battalion has been operational since 2004, and is already part of the NATO Response Force. Theater missile defense is expected to be operational by 2010. In 2005, a transatlantic consortium was tapped to provide an air-to-ground surveillance system that will be funded and operated by NATO, much as the AWACS program has been. There has also been "substantial progress across the alliance" in equipping aircraft with precision-guided munitions (PGMs, also known as "smart bombs.") However, the development of European PGM capabilities has been complicated by the reluctance of the United States to share sensitive technology and encryption codes.[13]

At their June 2005 meeting, NATO defense ministers issued a communique stating that PCC had "brought some improvements in capabilities, but critical deficiencies persist, particularly in support for our deployed forces." The ministers directed the NATO Council in Permanent Session to issue an assessment of the initiative's progress in the spring of 2006.[14]

A Range of Views

Some observers have questioned the need for DCI and PCC, arguing that NATO already enjoys vastly superior technological prowess vis-à-vis countries other than the United States, and that the alliance's military capabilities — whatever their shortcomings — are more than sufficient to meet any threat. Others are skeptical of the possible motives behind the push for capabilities; they contend that massive defense spending increases are unnecessary and wasteful, and that DCI and PCC merely serve to boost sales for high-technology arms and equipment manufacturers. Supporters, meanwhile, express reservations over two major issues. The first concerns whether member states, particularly the Europeans, will approve sufficient funding in their defense budgets to make the changes, some of them costly, that are required. The second question is whether PCC will complement or conflict with ESDP. It has also been suggested that the capabilities requirements effectively raise the bar for new members of the alliance. Finally, some analysts insist that DCI and PCC need to be viewed in the context of the traditional debate over NATO burdensharing. Shortly after the Prague summit, Jiri Sedivy, director of Prague's Institute of International Relations noted that "[p]eople talk about new members like the Czech Republic not contributing enough to NATO, but what they don't realize is that the Western Europeans have failed to keep their promises since the 1950s."[15]

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[13] NATO Parliamentary Assembly. *Progress on the Prague Capabilities Commitments*. John Shimkus, Rapporteur. 170 DSCTC 05E. November, 2005. [http://www.nato-pa.int] Accessed 1/18/06. See also: Info Sharing Could Close U.S.-Euro Tech Gap: Report. *Defense News*. November 14, 2005.

[14] Final Communique. Meeting of the North Atlantic Council in Defense Ministers Session. June 9, 2005. NATO website: [http://www.nato.int/docu/pr/2005/p05-076e.htm] Accessed January 12, 2006.

[15] "It Ain't Broke After All." *Los Angeles Times*. By William Arkin. April 27, 2003. "Ready to Pay." By Dinah Spritzer. *Prague Post*. November 27, 2002.